FRANCHISING IN THE 80's: PART 1

Obstacles to expansion, contract renewal increasing

(Continued from page 36)

ically. In 1972 only 3.1% of the food-service franchise contracts expired within five years, but by 1982 6% of the chains required such short-term agreements.

Fortunately for restaurant franchisees, the danger that franchisors will unilaterally refuse to renew a franchise agreement is small, but this risk is also rising.

During 1979, 938 food-service franchisees' licensing agreements came up for renewal, and the overwhelming majority of these contracts—89.1%—were renewed by the franchisor (though not necessarily at the original terms).

Three years later an almost identical number of restaurant franchisees came up for renewal (927), however during 1982 only 82.3% of these agreements were renewed.

In both years more than two-thirds of the nonrenewals occurred either through mutual consent or as a result of unilateral decision by the franchisee, according to the Commerce Department survey results.

However, the total number of unilateral nonrenewals by franchisors more than doubled during that three-year period, and the percentage of renewal-eligible restaurant franchisees whose contracts were not renewed because of a unilateral decision by their chain climbed from 2.3% to 5.2%.

In contrast, the total number of franchise terminations in the food-service field is on the decline. The Government reported only 793 restaurant industry contract terminations in 1982 (down 33% from the 1,062 recorded in 1979), but *NRN* has found that most of this drop is a result of a marked decrease in "voluntary" terminations initiated by franchisees themselves.

"Involuntary" terminations of restaurant franchisees by their franchisors also declined between 1979 and 1982, but only by 2% (from 501 to 491).

Significantly, however, there is a sharp increase in both the proportion and number of unilateral franchisor terminations for reasons unrelated to nonpayment of royalties or financial default by franchisees.

Of the more than 500 franchisor-initiated terminations of franchisees reported for 1979, over two-thirds were justified on grounds of nonpayment or default. In 1982, however, less than 37% of the 491 franchisor-mandated terminations were justified by financial reasons.

Meanwhile, involuntary terminations of franchisees for "quality control violations" and other reasons unrelated to financial nonpayment increased by 68%, from 184 in 1979 to 310 in 1982.

Although the sharp rise in nonfinancial-related terminations by food-service franchisors may be temporary, it may also indicate a trend toward terminating franchise agreements for subjective reasons.

NRN finds little, if any, change in the willingness of food-service franchisors to permit franchisees to sell their franchises to others.

Although most franchising chains insist on approving all such transfers, the Government surveys indicate that their approval is rarely withheld.

Of the 3,388 franchises proposed to be transfered by franchisees during 1979, all but 44 (1.3%) were approved. In 1982, 3,082 franchisees asked permission to transfer their franchises and only 42 of these requests (1.4%) were denied by restaurant franchisors.

Despite record-high interest rates and generally depressed economic conditions during most of 1982, there is no indication of any sharp increase in business failures among food-service franchisees.

Although the Government study indicates that a total of 1,084 franchisee-owned restaurants were discontinued during 1982, the earlier Commerce Department study found that an almost identical number (1,072) were discontinued during 1979.

Moreover, there was little change in the number of franchisee-owned food-service outlets repurchased for company ownership (484 in '79 vs. 475 in '82), however there was a drop in conversions of chain-owned restaurants to franchisee-ownership (from 579 to 389).

In commenting on the fact that the number of units repurchased for company ownership exceeded the number of chain outlets converted to franchisee-ownership during 1982, Commerce Department analysts said that "these buy-backs were primarily due to depressed economic conditions."

Although researchers at the department have attempted to compare the rate of failure among franchisees to the failure rate for small businesses in general, so far they have not come up with any reliable data.

The department's latest *Franchising in the Economy* study does indicate, however, that less than 2.5% of all franchisee-owned food-service units were discontinued during 1982 and, according to Kostecka, many of these were discontinued for reasons other than business failure.

While "the number of failures is unknown," he concluded that "the number of units discontinued—for whatever reason—in franchising is relatively low."

This is not to say that food-service franchising is risk free—particularly for franchisees of new or small restaurant chains. Last year, for example, 11 food-service franchisors (with a combined total of 106 franchisee-owned units) went out of business altogether.

But it should be noted that hundreds of other restaurant chains (with a total of more than 40,000 franchisees) were successful during 1983.

Franchise leader hails Commerce report

WASHINGTON—A top spokesman for the nation's food-service franchisors hailed the new Commerce Department growth projections as "proof positive that franchising is on the forefront of America's economic recovery."

The department's 1984 study, *Franchising in the Economy*, presents a bullish outlook for franchising in general, but forecasts even more rapid growth ahead for the nation's restaurant franchisors.

In agreeing with the department's prediction for a "record year" for franchise growth during 1984, International Franchise Association president Stanley Bresler painted an even more optimistic picture for the future.

"One-third of all retail sales in the United States comes from franchising now, and I believe that before the turn of the century franchising will account for 50% or more of all retail sales," he said.

Bresler, who also serves as president and board chairman at Bresler's 33 Flavors Inc., indicated that this level of optimism is shared by other franchise chain execs across the nation.

"Throughout the franchise community there's a spirit of resurgency, and these [now Commerce Department] figures clearly show the valuable contribution that franchising is making in this country," the IFA president said.

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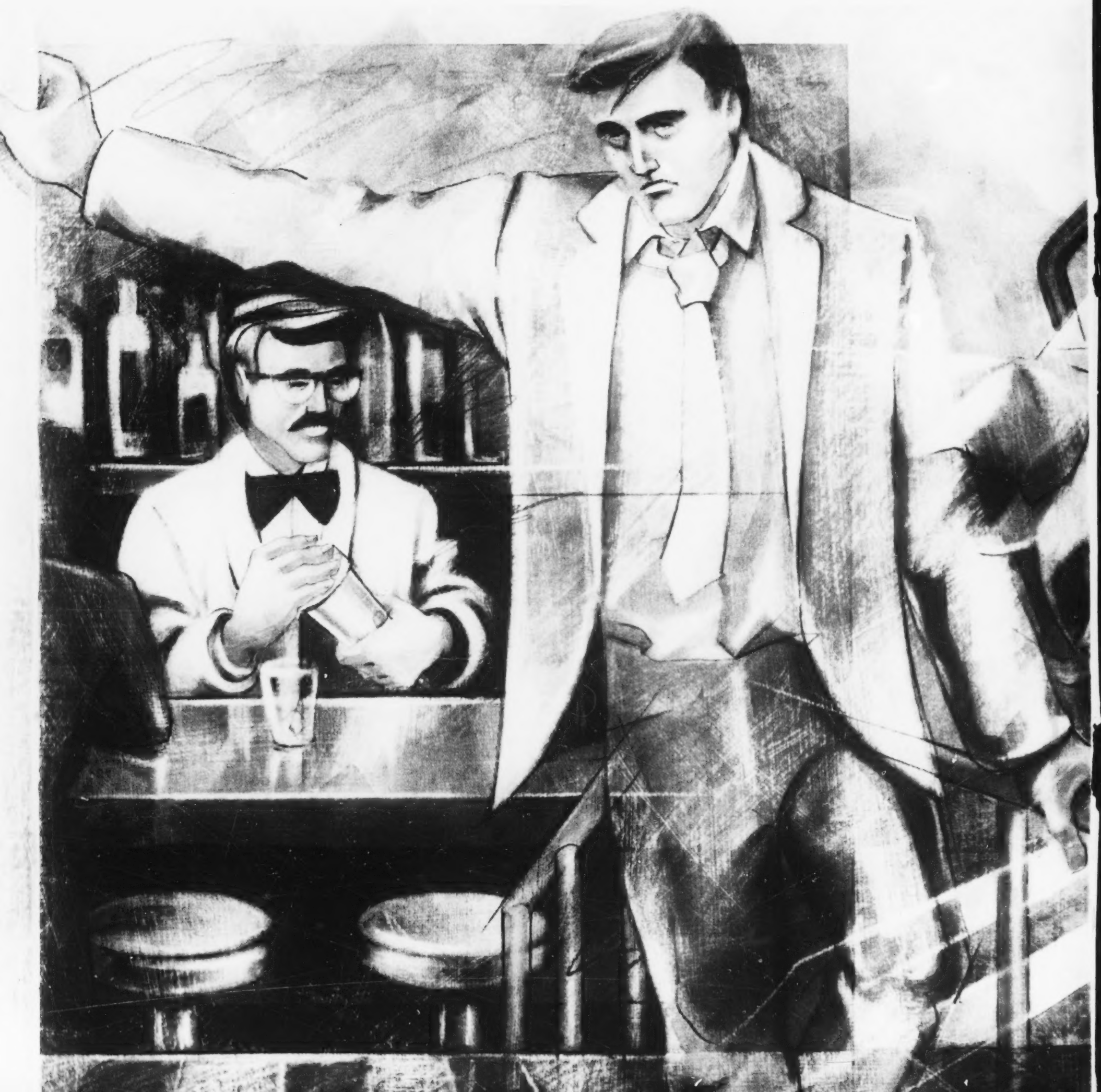
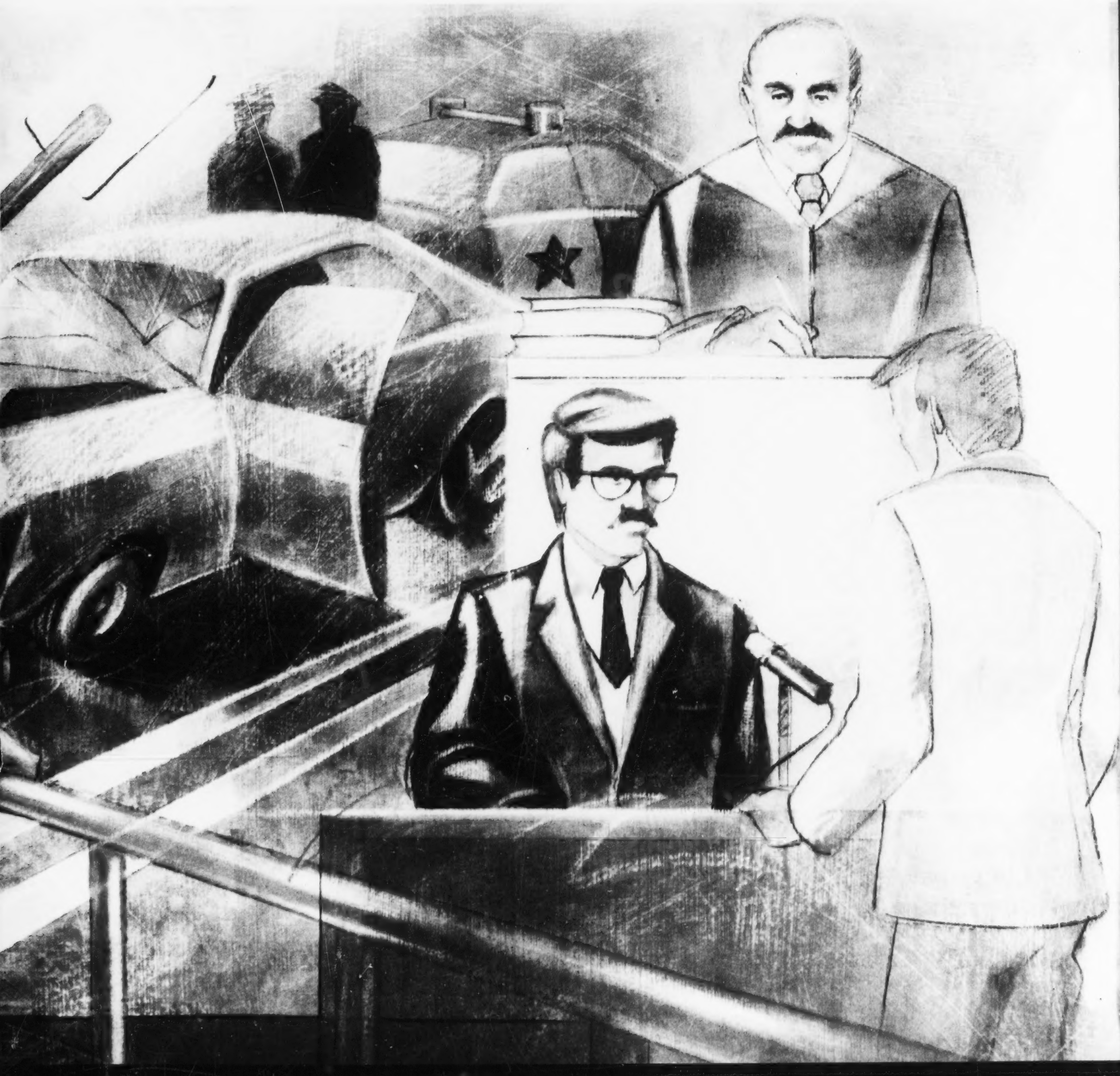
CONCERN MOUNTS OVER DRUNK-DRIVING LIABILITY

It's seven p.m., and the lounge at the suburban restaurant is doing brisk business. Harry the bartender is having a tough time keeping up with customers' orders. Along the bar they're



standing elbow-to-elbow, shouting for the two-for-one specials that brought them here in the first place. The cash register keeps ringing. For Harry and his boss, all's fine with the world.

But little do they realize that a mere 40 minutes later, one of their customers, having downed six "specials" in one hour, will lurch back to his car. That another five minutes later, he'll run a red light and hit a pedestrian crossing the street. And that months later, a jury will find the restaurant liable, under the state's dram-shop law, for the



pedestrian's injuries, and award damages in the hundreds of thousands of dollars.

Harry's boss might be lucky; his liability insurance might cover the award. But there'll be other consequences less easily shouldered: Bad press for the restaurant. Investigations by ABC officials. The possible loss of the liquor license. A black eye for the restaurant industry. And still more ammunition for that part of the public that's hell-bent on severely regulating liquor service.

"Harry" and his bar are fictitious, but similar episodes are being counted with alarming frequency across the country. By one expert's estimate, lawsuits naming liquor servers as defendants in drunk-driving cases are multiplying threefold each year. As one lawyer puts it, dram-shop and common-law liability promises to become as popular a hunting ground for his colleagues as did medical malpractice a while back.

The glut of lawsuits is but one outgrowth of a social problem an outraged public appears increasingly unwilling to put up with. Each year, some 25,000 Americans die in alcohol-related car accidents; thousands more are severely injured. Sadly, many of them are innocent victims who just happen to get into a drunk driver's deadly path.

Much to their chagrin, restaurant and tavern owners have found themselves smack in the middle of the drunk-driving issue. As their accusers would have it, liquor servers contribute to the drunk-driving problem for one principal reason: "irresponsible" liquor service practices that are grounded in one creed—serve a customer as much booze as possible, no matter the consequences.

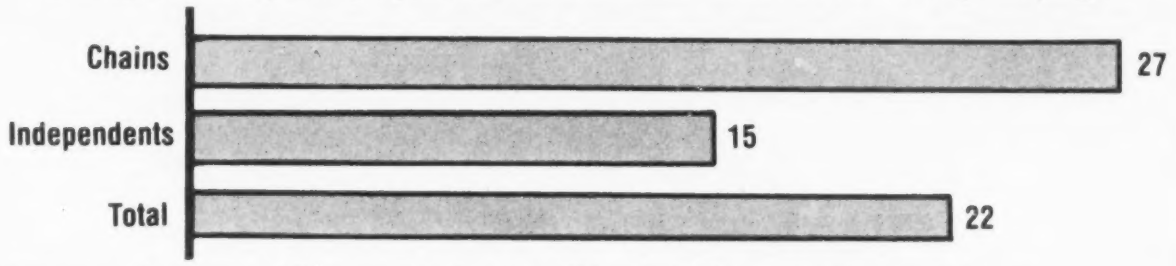
Those who are pointing the finger specifically attack such liquor merchandising tactics as two- or even three-for-one's, "buckets of booze," "bottomless" pitchers of beer, "all you can drink" and similar come-ons they say only discourage moderation. Allow a boozing customer to drive home himself, they add, and the circle of "irresponsibility" is complete.

Will drunk-driving liability put a real crimp into the restaurant business?

Many feel there's good reason to be concerned.

Alcoholic beverage sales off

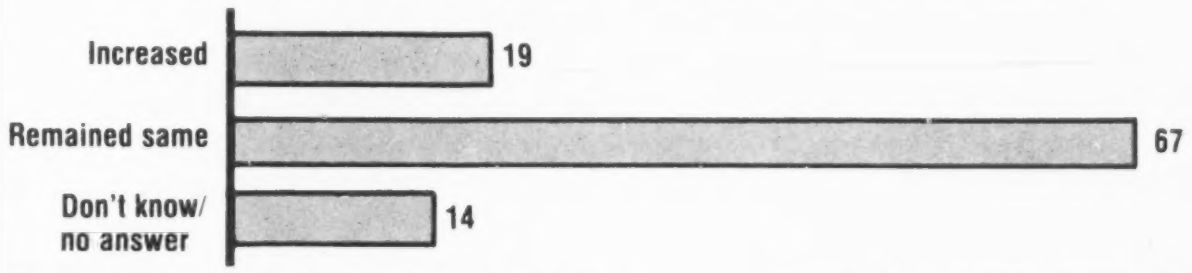
% of operators reporting liquor sales decrease due to antidrunk-driving campaign



The average decrease of liquor sales due to antidrunk-driving campaigns totaled 11

Dramshops and liability insurance

% of operators reporting higher liability insurance rates due to dramshop laws



The average increase of liability rates totaled 46

Source: *NRN* Bar Management Study

For one thing, the rash of drunk-driving liability lawsuits could well send insurance rates skyrocketing, or even make it impossible for some operators to obtain any liability insurance at all. "Lots of establishments feel they don't have to worry as long as they have insurance," warns Ronald Beitman, a lawyer and dram-shop specialist. "But you can't require an insurer to insure you for liquor-service liability. Thus, if you're found guilty in a suit, that's probably the last time you're going to get insurance." What's more, adds Beitman, if the spate of lawsuits keeps up, "self insurance is going to be the wave of the future, and the mom and pop operators who can't afford that will cease to exist."

Prodded into action by the outcry against drunk driving, public officials are now scrambling to put their own imprint on the issue. Dram-shop laws are currently in effect in 23 states, but are likely to be put on the books elsewhere as well. In its final report the other month, the Presidential Commission on Drunk Driving recommended that all states set the minimum drinking age at 21. And Congress, eying a variety of anti-DWI options, has scheduled hearings on a measure that would control the scope of liquor advertising.

For their part, local and state police across the country are scheduling extra man hours to enforce drunk-driving laws. For example, road blocks for spotchecking drivers for blood alcohol content (BAC) have become nearly routine. Worried over getting caught with alcohol on their breath, some restaurant and tavern customers now opt to forego the extra drink they would have ordered in the past. The result of these and other antidrunk driving consciousness-raising efforts: liquor sales have dropped at more than one-fifth of all food-service/bar establishments in the country ever since drunk driving has emerged as a major public issue, according to a *Nation's Restaurant News* survey.

As some restaurateurs see it, even more worrisome is that the drunk-driving issue is now being championed by what they say are well-organized groups of "neo-prohibitionists" who'd just as soon see even responsible liquor service restricted. And while most operators sincerely agree that the work of such vocal and well-organized groups as Mothers Against Drunk Driving (MADD) is well meaning, they cringe at the news that MADD has been studying the success of England's 11 p.m. closing law. If there's one statement that best sums up the industry's current sentiment, it's that things are getting a bit out of hand.

To counter the perceived threat to

DWI and restaurant industry attitudes

% of operators "agreeing strongly/somewhat" with these four selected statements

"As a whole, the restaurant industry is being very responsive to the consequences of intoxication"	**79**
"Restaurant operators should speak out in an organized way on DWI (driving while intoxicated) legislative proposals"	**68**
"It's unrealistic to think that restaurant personnel can control or monitor restaurant/bar patrons' alcohol consumption"	**56**
"Restrictions should be placed on liquor advertisements, as was done with cigarettes"	**42**

Source: *NRN* Bar Management Study

their businesses, more and more restaurateurs are getting actively involved in the drunk-driving and liquor-server responsibility debate.

For starters, they're arguing that most of the industry is taking a bum rap.

The places that cut off a customer only after eight drinks, without wondering whether he's driving home, are mostly the gin mills outside the mainstream of the food-service industry.

Moreover, determining just when a person is legally drunk is not a simple matter. According to a recent study by the Center for Alcohol Studies at Rutgers University, even experienced bartenders have trouble telling just when a patron reaches a blood alcohol content of 0.10, the level which most jurisdictions have set as "driving while intoxicated."

Finally, a number of experts argue that the greater number of drunk-driving accidents is not caused by social drinkers—the typical patrons at restaurants or taverns—but by people with a heavy dependency on alcohol.

"Drunk driving is an extremely complex and perplexing issue," maintains Richard Berman, senior vice president of Government relations of S&A (Steak & Ale) Restaurant Corp. Writing in a recent issue of *Nation's Restaurant News,* Berman said that while " 'problem' drinkers and alcoholics are a small percentage of the consuming public, they account for 75% to 80% of all adults arrested for drunk driving. According to the Department of Transportation, they're responsible for 50% of the fatal drunk-driving accidents. Frequently, they're repeat offenders who have been arrested several times before they end up killing or maiming someone."

Drunk driving—whose responsibility?

How restaurateurs feel about making sure that patrons don't leave intoxicated

% of operators surveyed

Source: *NRN* Bar Management Study

But Berman is also quick to point out that the restaurant industry can't afford to ignore drunk-driving responsibilities.

"Drunk driving will drive us up the wall if we don't do something about the problem. Complacency in the face of increasingly aroused public opinion will only amplify the shock when it finally hits us full force. We must act on our own, and soon, or have a publicly sanctioned course of action crammed down our throats."

Increasingly, restaurateurs are joining hands with such groups as MADD, Remove Intoxicated Drivers (RID) and Students Against Drunk Driving (SADD) in common efforts to reduce the incidence of drunk driving.

Just as importantly, they're taking measures to change a public perception of the food-service industry—from one "committed to the unremitted sale of alcoholic beverages, indifferent to the excessive consumption of alcohol and its effects on society, to one conducting its business responsibly, being understanding of the problem, and anxious to join the community in finding solutions," as one restaurant company official puts it.

Education is playing a major role in such efforts. In recent months, a growing number of restaurant and tavern associations have hit the road with programs that drive home the legal and moral responsibilities of liquor service. New York's restaurant association, for example, has developed a two-hour seminar called "D.W.I. (Dine and Wine Intelligently) vs. D.W.I. (Driving While Intoxicated)." Earlier this year, the first "Northeast Conference on Alcohol-Server Liability" was held in Boston, bringing together restaurateurs, public interest groups such as MADD, Government regulatory agencies, public officials and experts on alcoholism from around the country. (The Boston conference proceedings are available from Intermission Ltd. of Amherst, Mass., the organizers of the conference.)

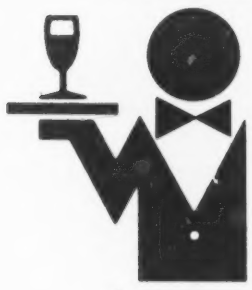
In fact, while few seem ready to predict just where the drunk-driving liability issue is heading, general consensus has it that liquor-server education on alcohol and its consequences holds the best chance to reduce the risk of liability.

On the following pages, *Bar Management* deals with some of the topics any alcohol-training program should touch on—from a discussion of just what dram-shop and common-law liability is to a definition of alcohol to ways of dealing with intoxicated patrons. As a number of operators have discovered, responsible liquor service doesn't necessarily lead to fewer liquor sales—and it's the best way to show the industry's concern for a very serious social problem.

—Roman Czajkowsky

DETERMINING ACCOUNTABILITY UNDER DRAM SHOP LAWS

Restaurant and bar owners are increasingly coming under fire from the victims of alcohol-related accidents.



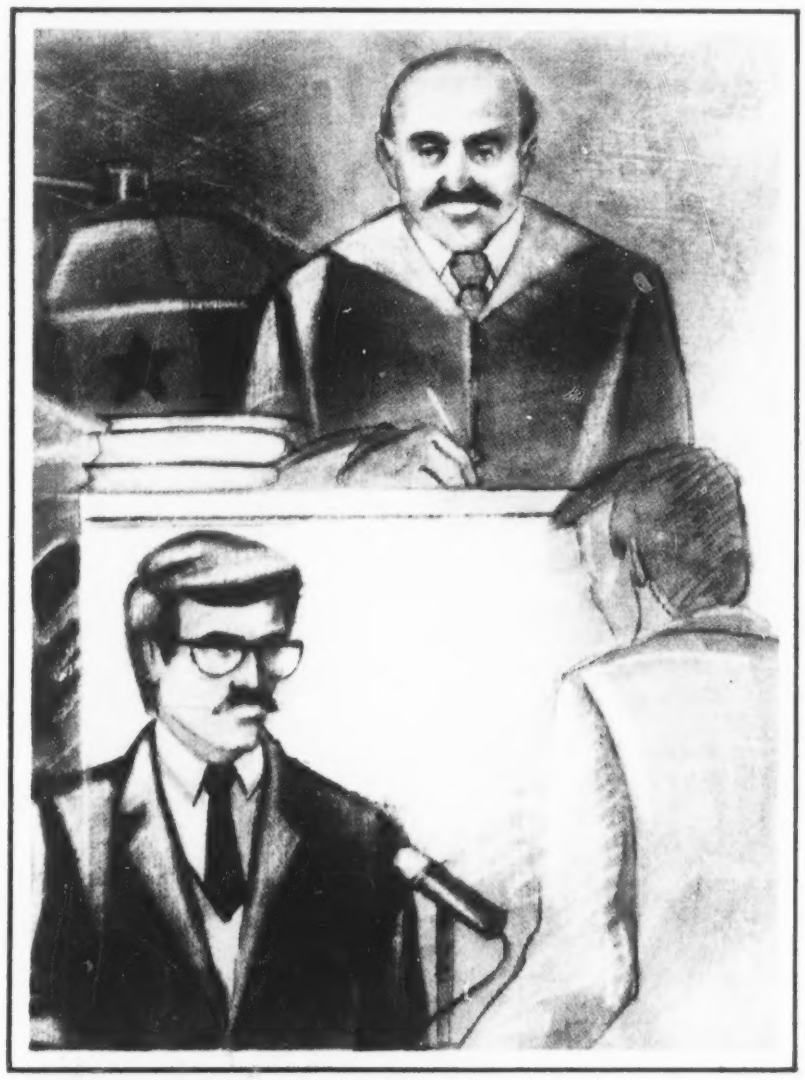
In 40 states and the District of Columbia, restaurant and bar owners, bartenders, waiters and waitresses are being found legally and financially liable for serving alcohol to minors, habitual drunkards or intoxicated patrons who cause accidents or injury after leaving their establishments.

You could be next.

That's the consensus among dram-shop—or third-party liability—experts, who claim the number of such cases is increasing three-fold each year. The reason for this torrent of lawsuits: As the public outcry against drunk driving intensifies, more juries are sympathizing with those who bring such negligence suits and are awarding them large sums.

Whether or not the servers of alcohol should be held legally responsible, the dangers that such civil liability can pose to restaurants/taverns and their staffs clearly spells the need to know just what the potential dram-shop consequences are.

Under the 110-year-old dram-shop law, on the books in 23 states, the innocent third party injured "in person, property, means of support or otherwise" by a drunken individual or minor can sue a restaurant, tavern or liquor store owner and/or employees for having dispensed and sold the alcohol. Dram shop applies to the sale of beer, wine, hard cider or distilled beverages.



In 18 states where dram-shop liability is not imposed through statutes adopted by the legislature or alcoholic beverage control regulations, the courts apply common law, based on third-party liability case precedents. In those states, courts normally favor the victim over the seller, server or employer on the grounds that state ABC laws were violated by dispensing liquor to an obviously inebriated patron or minor.

The remaining 15 states provide neither means for recovering damages, choosing instead to follow the old common law rule: only the drinker, not the seller or server, can be held responsible for his actions. But, pressure from public interest and citizen action groups, legislators, scholars, state task forces and the Reagan Administration may eventually result in uniform drinking and driving statutes in all 50 states.

For the time being, it's the variations and inconsistencies in various states' alcohol-seller/server liability laws that vex restaurant and tavern industry personnel most. In the case of all dram shop suits, the defendant is subject to fines or license revocation. But in a number of states—like New York for example—there is no cap on the dollar amount for which a plaintiff may sue. Blood alcohol content (BAC); minimum drinking age, and first offense penalties under dram shop or common law vary from state to state.

"Dram shop is the most critical issue affecting the nation's restaurants and bars since the repeal of prohibition. The current laws should be better defined and uniform across the country," says James F. Mosher, administrative director of the Medical Research Institute of San Francisco's prevention research group. "There are no clear standards that restaurant and bar owners can follow to protect themselves from charges of acting improperly."

The basic rationale behind dram shop and common laws is that they'll help deter drunk driving, thus decreasing the number of alcohol-related accidents which claim about 25,000 lives each year. To this end, the courts and state legislatures have provided "conduct incentives," inducing sellers and servers to be more socially, morally and legally responsible for their customers and society at large.

With the glut of publicity surrounding recent dram-shop cases, restaurant and bar owners and their employees have apparently become more discriminating and cautious in the dispensing of alcohol. But no matter how diligent they are in upholding the law and helping to preserve life, there are no guaranteed safeguards against possible dram-shop liability.

"Even if you take every precaution, someone can, and will, slip through the net," said a bartender attending the recent Northeast Conference on Alcohol-Server Liability in Boston. "It's impossible sometimes to tell who's drunk and who isn't, especially when the bar is full and someone's buying rounds."

Though more than 80% of dram-shop cases are settled out-of-court by insurance companies for $100,000 or more, the number of cases filed

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ENERGY COST CONTROLS

A victory declared 'too soon'—Pp. 41-43

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NRA: Cut back alcohol promos

Group unveils two-stage DWI lobbying initiative

By Ken Rankin

WASHINGTON—The National Restaurant Association has called on tavern and food-service operators to discontinue "all you can drink" offers and other alcoholic beverage promotions which may be "perceived as fostering overconsumption."

That new NRA policy discouraging drink promotions by restaurants is part of a broader new two-pronged initiative adopted late last month by the association's board in response to growing national concern over drunk driving.

The first phase of that program involves a major commitment by NRA to sensitize restaurateurs, industry employees and the public to the need for moderation in the consumption of alcoholic beverages.

The second prong is a long-range NRA lobby initiative aimed at eliminating controversial state "dram shop" laws under which restaurant or tavern operators may be held legally liable for injuries caused by patrons who become intoxicated at their establishments.

Although most states now have such dram shop or "third-party liability" legislation on the books, NRA's new strategy will put pressure on legislatures to replace those statutes with new laws to hold consumers, rather than restaurants, responsible for injuries they cause while intoxicated.

The NRA wants to halt beverage promotions that may be perceived as 'fostering overconsumption' of alcohol.

In announcing the new lobbying campaign against dram shop laws, NRA officials said that third-party liability suits encouraged by these statutes "can force honest businessmen into bankruptcy and increase insurance premiums for everyone."

In contrast, "laws which specifically make

(Continued on page 86)

Questions raised . . .

Product avalanche threatens to rock unwary operators

***NRN* Special Report**

Leading fast-food, coffee shop and dinnerhouse chains are ignoring conventional industry wisdom and lessons of history by developing, testing and rolling out increasing numbers of new menu items.

Not since the late 1970's, when the industry's obsession with menu diversification led to severe problems at some chains and helped spark the back-to-basics movement, have there been so many new products appearing throughout food service.

Burger chains are rolling out salad bars and stuffed baked potatoes. Steakhouses are promoting seafood and poultry. Roast beef chains are unveiling fish sandwiches and fried chicken. Fast feeders are serving dinner entrees. Dinnerhouses contemplate breakfast.

All this despite repeated warnings by such cautious chain executives as Kentucky Fried Chicken's Richard Mayer and McDonald's' Fred Turner and Michael Quinlan that New Product Mania can be dangerous.

These and other critics of menu diversification strategies contend that new products tend to blur a chain's image, confuse customers, slow service and raise operating costs.

Added to these drawbacks is the disturbing tendency of new product sales to drop off quickly once massive rollout promotions are over and initial consumer interest fades. Burger King's veal parmigiana specialty sandwich and McDonald's McRib sandwich are two note-

(Continued on page 33)

Luckey named president, ceo of six-unit Flakey Jake's chain

By Richard Martin

MOUNTLAKE TERRACE, Wash.—Robert E. Luckey has been named president and ceo of the fledgling Flakey Jake's upscale burger chain following his two-year struggle against long odds as chairman and ceo of Sambo's.

Luckey was slated to sign his contract at presstime. (His four-year, $1.5 million Sambo's contract had been under litigation.)

A 20-year food-service veteran who started as an hourly worker in a fast-food burger stand, Luckey rose to become the chairman and ceo of Chart House Inc. before tackling the attempted reorganization of Sambo's. That company was already under Chapter 11 bankruptcy constraints when he was hired in February 1982.

Luckey was deposed as Sambo's chieftain last December when a bankruptcy court judge appointed a trustee to run the emaciated company. He was a candidate for the Church's presidency but apparently opted for Flakey Jake as being more compatible with his entreprenurial and burger-oriented background.

As president and ceo of six-unit Flakey Jake's, Luckey takes the reins of one of the industry's hottest chain prospects expected by majority owner Sea Galley Stores to eventually develop into a national chain.

Sea Galley was "just going to play with" the Flakey Jake's concept when it was introduced last May, said Steven Dowen, board chairman of both companies. But initial successes with company and franchise operations quickly turned the burger venture into the parent company's principal growth vehicle, and necessitated the hiring of a top-rank chief executive like Luckey.

"We're real happy to have Bob Luckey with us," Dowen declared, citing Luckey's recognized expertise in operations and finances as only some of his attributes. The stoutly built Luckey, who reportedly has shed some 60 lb. from dieting, is also "very well connected in the industry," said Dowen.

Sea Galley, the 49-unit, 10-state chain of full-service seafood restaurants based here, began the Flakey Jake's concept last year in a handful of "subpar" outlets converted for about $250,000 each. At least one of those is now doing as much as $2.4 million in annualized sales, with other units close behind.

The company's first franchised unit (50% owned by company officers) opened two months ago in Columbus, Ohio, and is now reporting sales of more than $40,000 a week. Franchise rights to about one-third of the country have already been sold, with commitments for some 75 units already booked, Dowen said.

Sea Galley has retained 66% ownership of Flakey Jake's. Partly offsetting startup costs

(Continued on page 86)

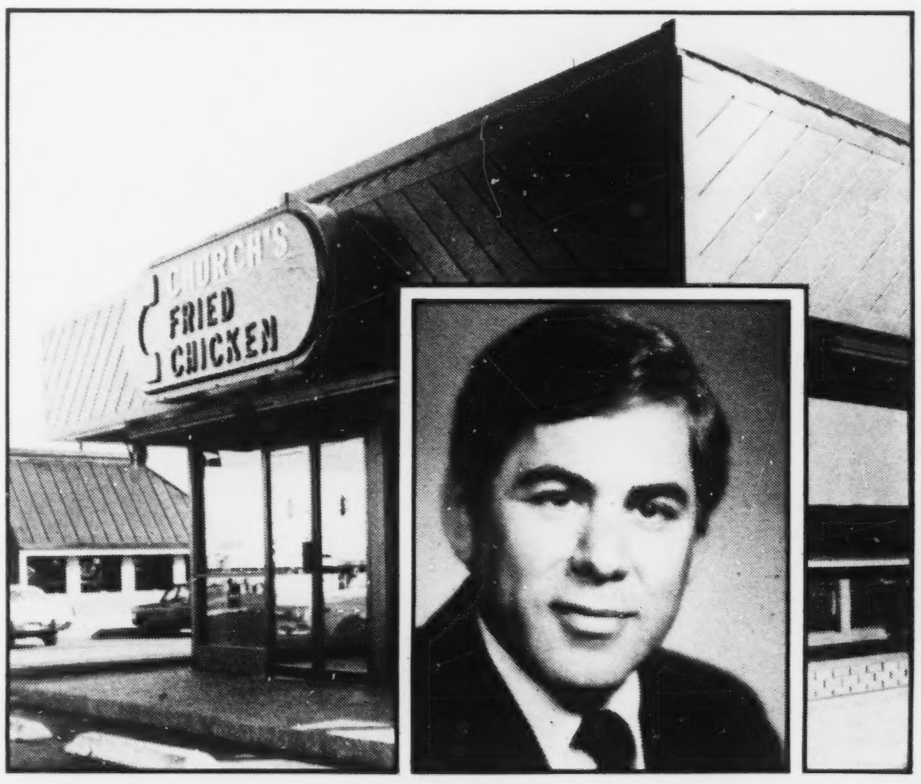
LATE NEWSBREAKS

Negotiations have been canceled on a projected deal by which K mart would have acquired Associated Hosts in an $80 million stock swap.

Horn & Hardart has launched a new "healthy" fast-food concept, Goodbody's, in Miami. Offerings include a 40-item salad bar, 18%-fat burgers, chicken salad with cashew nuts and potato skins.

Henry Montgomery, 48, who joined the troubled Pizza Time Theatre chain two months ago as chief financial officer when Randall Pike, 47, moved up to president and ceo, now succeeds Pike, who resigned. Bruce Munro, 45, becomes executive vice president.

Garcia's Mexican restaurants, Scottsdale, Ariz., named president Dennis Mullen (former Cork 'n Cleaver and Chart House president) ceo, replacing Thomas Fleck, who remains chairman.



Richard Sherman (inset), former Hardee's senior vp, is taking over part of the job vacated by Roger Harvin.

New Church's prexy: Hardee's Sherman

By Don Jeffrey

SAN ANTONIO—Church's has named Richard F. Sherman president and chief operating officer, climaxing a seven-month search.

To take the post at Church's, Sherman is giving up a job as senior executive vice president at Hardee's, where he was regarded as No. 2 man, reporting directly to chairman and ceo Jack Laughery.

Sherman was deeply involved with Hardee's Burger Chef acquisition, and it's expected this expertise will be called on at Church's.

J. David Bamberger, who took over as Church's chairman last fall when Roger Harvin resigned, will remain chairman and ceo of the 1,400-plus-unit chain, whose complacency has been shaken in the last couple of years by declines in real sales and profits.

Actual operations of the restaurants will be left to executive vice president James (Buddy) Parker, who resigned last summer at the beginning of a top management shakeup and was called back by Bamberger and named to his former position.

Cash-rich Church's, with

(Continued on page 86)

COMMODITIES

Beef prices climb higher; tighter supplies forecast

NRN Special Report

Agricultural economists can't seem to agree on whether pork supplies will peak this month, or will continue at present high slaughter levels into the beginning of summer. Farmers are close-mouthed about intentions, and even U.S. Department of Agriculture surveys of intentions are looked at with some skepticism, since producers have been reacting to market and weather conditions without much warning.

As *NRN* went to press, pork prices were at a reduced level in the range of $0.85-$0.87 per pound at slaughterhouses in the Midwest. This low price level is somewhat unusual, since broiler chickens, the major competitor, have been at a steady high for the past several months.

Beef production has been very spotty because of the erratic weather patterns in the upper Middle West and Plains States which killed off a lot of stock, kept those that survived from gaining weight and prevented producers from getting animals to market for weeks at a time. Right now, the number of cattle in feed yards is up nearly 5% over a year ago, and consumer demand (which also affects the price food-service operators pay for meat) has been lower than normal for this time of year. Yet beef prices have pushed up several cents higher than they were at this time last year. This may, to some extent, reflect the cost of food, which, while still moderate, is higher than it was.

Feed prices remain the big unknown in the price/supply equation. On the plus side—as far as domestic meat and poultry producers are concerned—is that the continued strength of the United States dollar abroad has made our grains less appealing to foreign countries, thus increasing domestic supplies. Also on

(Continued on page 85)

PRICE MOVEMENT AT A GLANCE

	March 16, 1983	Feb. 16, 1984	March 16, 1984
Beef, Choice, 700-900 lb., Midwest (lb.)	$1.01	$1.02	$1.05
Broccoli, fresh, box of 14s, Calif. (ctn.)	$7.00—9.00	$9.00-10.00	$6.50-7.00
Broilers, Grade A, icepack, NYC (lb.)	$0.4671	$0.6501	$0.6558
Butter, Grade AA, Chicago (lb.)	$1.47	$1.4125	$1.415-1.435
Cocoa, Ivory Coast, NYC (metric ton)	$2,791	$2,663	$1,872
Eggs, Grade A, large, Chicago (doz.)	$0.6775	$0.99-1.01	$0.83-0.85
Lettuce, iceberg, Calif. (24s)	$2.50-3.00	$5.50-7.00	$4.50-5.00
Orange juice concentrate, frozen, Florida (12/32s)	$19.92	$24.18	$26.60
Pork Loins, Choice, 14-17 lb., Midwest (lb.)	$1.03	$0.95	$0.87
Potatoes, U.S. 1, white round, Maine (50 lb.)	$1.25	$3.75	$4.025
Soybean oil, crude, Midwest (lb.)	$0.1786	$0.2580	$0.3037

Source: NRN Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

New Orleans-style cuisine sparks national interest

By Joe Edwards

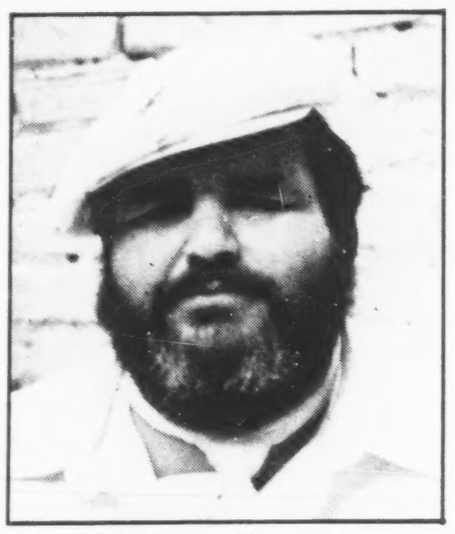
Restaurants specializing in Creole and Cajun cooking are growing in numbers and popularity in cities far from New Orleans' French Quarter and the steamy Louisiana bayous where such distinctively flavored dishes as crawfish gumbo and rabbit etoufee originated.

Operators say they are benefiting from the celebrity status of Cajun chef Paul Prudhomme, owner of K-Paul's Kitchen in New Orleans and a tireless promoter of the city's cuisines, and the recent barrage of media coverage of New Orleans' restaurants and culinary traditions.

This surge in popularity of New Orleans-style restaurants is part of the national obsession with regional American cooking of all types and parallels the rise of so-called New American cuisine as practiced by Alice Waters, Wolfgang Puck, Jonathan Waxman and others.

At Cajun in New York City, New Orleans Bar & Grill in Oakland, Calif., The Heritage in Cincinnati and many other places, customer counts rose steadily in 1983 as more and more people sampled dishes based on the centuries-old recipes that established New Orleans as "world class" restaurant town.

Repeat business is strong and so is the tendency of customers to spread the word about the tasty food and generally reasonable prices at their favorite New Orleans-style restaurants, operators say.



Paul Prudhomme

While most of the restaurants serving Creole and Cajun foods are owned by single-unit independent operators, Popeyes Famous Fried Chicken has grown to become the nation's third-largest fast-food chicken chain with an often-imitated Cajun-style menu featuring spicy chicken and "dirty" rice ("dirtied," that is, with gizzards and livers).

Popeyes' founder Al Copeland, a cook himself, is opening three New Orleans-style dinnerhouses featuring Creole and Cajun dishes such as gumbos and jambalayas. If successful, the concept will be expanded nationally, Copeland says.

"People love this kind of food," exclaims Peter O'Carroll, a 22-year-old chef at New Orleans Bar & Grill, one of several popular Creole and Cajun restaurants in the San Francisco Bay area.

Jerry Hart, chef at The Heritage, says he has noticed "a steady growth over the last couple of years in the popularity of Creole and Cajun foods." The Heritage features New Orleans-style food two nights a week year round and every night during Lent.

"Young people are open-minded about food and they don't mind the spices," explains Herb Maslin, owner of Cajun, a 100-seat restaurant in New York's Chelsea district. "They have open minds and they like to start their own trends."

Maslin served nearly 400 persons at a special Mardi Gras *fais do do* (a Cajun party) on Fat Tuesday, the day before Lent. On a typical busy night at other times, Cajun's tables turn two or two and a half times.

Maslin is also promoting a special Sunday brunch, billed as Breakfast at Brennan's in honor of Brennan's restaurant in New Orleans, that has been drawing about 300 persons a week.

"This is good, wholesome food at reasonable prices," says Maslin, whose typical customer pays $15 for dinner.

Further national interest in New Orleans-style cooking is expected to be generated by the 1984 World's Fair which opens next month in New Orleans.

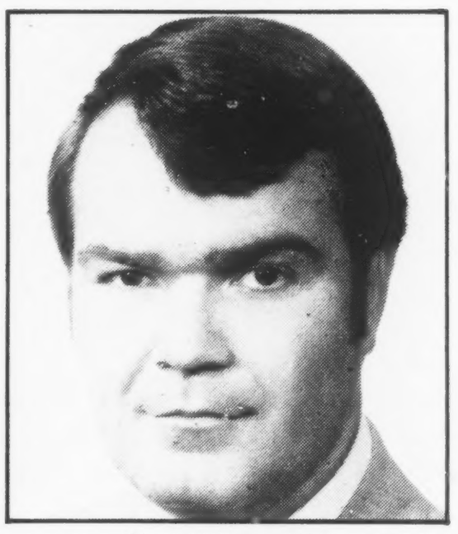
"Cajun food is getting an awful lot of publicity lately and it helps business," Maslin says, noting for example a *Life* magazine article about Prudhomme and the much-publicized catering program for last year's Economic Summit Conference in Washington that featured Cre-

(Continued on page 85)

Varner leaving top Host post; Marriott's Cash to take reins

Richard Marriott

Howard Varner



Francis Cash

WASHINGTON—Francis "Butch" Cash, 41, will take over the reins of Marriott Corp.'s Host International division, replacing group president and ceo Howard E. Varner, who plans to retire from an active management role on July 1. Varner, a driving force at Host for the past 35 years, will stay on as chairman.

At the same time, group restaurant head Richard Marriott, 45, will assume Cash's responsibilities as head of the company's Roy Rogers fast-food chain. In the wake of the realignment, both Cash and Marriott, formerly group vice presidents, have been promoted to executive vice presidencies.

Marriott Corp. acquired Santa Monica, Calif.-based Host International in 1982 for a reported $151 million in a move that significantly expanded the company's contract food-service division. At the time, Host operated food-service and retailing concessions at 25 domestic airports plus four airport hotels and 52 dinnerhouse restaurants.

Since being acquired by Marriott, Host has remained essentially a separate division concentrating on airport terminal operations and specialty restaurants. There has been some melding of the two companies, however, with Marriott taking over three of the Host airport hotels plus its in-flight feeding accounts. All of Marriott's airport terminal shops and restaurants plus some of its specialty restaurants are now handled by the Host division.

What's Next

According to J. W. Marriott, Marriott Corp. president, Host International's organizational structure will remain intact following Varner's retirement. Host currently operates concessions at 39 airports in the United States plus 52 dinnerhouses, including the 13-unit Charley Brown's/Charley's Place chain and 23 Casa Maria Mexican dinnerhouses. (Ironically, Host originally acquired the Charley Brown chain from Marriott.)

For the 58-year-old Varner, who joined Host in 1949 after graduating from college with a degree in banking, finance and accounting, the pending retirement represents the culmination of a long and successful odyssey in food service. Along with Walter Clark Jr. and the late Host chairman Hulsey Lokey, Varner helped propel Host International from a tiny company selling sandwiches in railroad cars to a leading force in airport terminal feeding and dinnerhouses.

During a career at Host that has spanned five decades, Varner held such posts as auditor, treasurer, vice president of finance and secretary of the board. In 1967 he was elected a director.

When Lokey died in 1980, Varner was named Host International's chairman and ceo. By that time, the company had grown to a $357 million empire and was the nation's leading airport terminal feeder. Varner's outstanding contributions to the company and the food-ser-

(Continued on page 85)

Marriott tightening grip on Big Boy license groups

By David Zuckerman

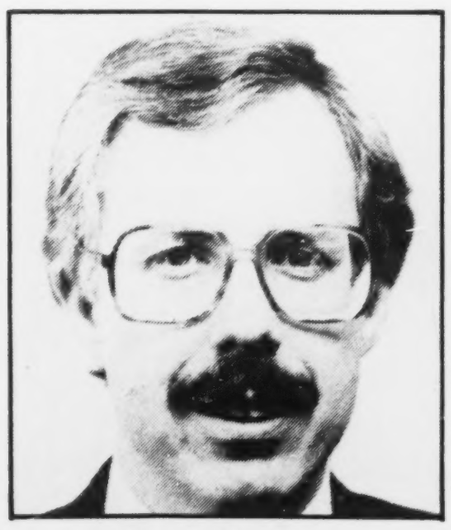
WASHINGTON—In-fighting among Big Boy licensees and a continuing clamor for more home-office support by many of the smaller operators in the network has helped spur a Marriott Corp. attempt to strengthen its grip on the Big Boy franchise system.

With a restructured management team that has Big Boy franchise vice president Roy Raskin now operating from the company's Washington, D.C. headquarters and Family Restaurant vice president Edward W. Doherty in charge, Marriott has launched a major effort to unify the 21 diverse Big Boy franchise organizations that comprise nearly 1,000 restaurants.

Further fueling the unification effort is the company's belief that the family restaurant segment—Big Boy in particular—is ripe for maximum growth. By melding the Big Boy system into a single working unit, Marriott hopes to devise a systemwide marketing plan that will take full advantage of the chain's potential.

"The family restaurant segment has become very strong, and competition has decreased," Raskin said in an interview. "Now there's a strong-

(Continued on page 85)



Edward Doherty

Roy Raskin

FINANCIAL NEWS

Carl's annual profit up 18% to $11.5 million

ANAHEIM, Calif.—Carl Karcher Enterprises has reported an unaudited 18% gain in net profit to $11.5 million, on a 25% increase in sales to $289.8 million for fiscal 1984 ended Jan. 27, compared to last year.

Fourth-quarter net profit was $2.1 million on sales of $69.5 million, compared to net profit of $2.2 million on sales of $55.8 million in last year's closing quarter.

President Donald Karcher said the 380-unit burger chain's record results "were achieved during a period when the company was entering the most ambitious growth program in its history." Costs related to planned expansion into Arizona and Texas, plus its new franchising program and introduction of its "Charbroiler" dinners, exerted pressure on pretax income during the second half of the year, he said.

Those costs combined with increased interest expense relating to issuance of $20 million in convertible debentures in December 1982 compound the company's challenge, Karcher added.

CKE's initial moves into Texas will begin in July, with one unit opening in San Antonio and one in Austin. The San Antonio store is the first of 20 units the company will open there over the next five years, with half that number opening this year. Two more units are planned for Austin this year, with a total of 13 there projected over five years.

Two additional Texas units—one in San Marcos and one in New Braunfels—are also due this year. Ted Royston, an 18-year veteran of CKE and former regional director of operations for northern California, is heading up the company's development of Texas.

Paul Berman, CKE corporate planning director, says the company sees the potential to build and operate 500 Carl's Jr. restaurants within a 500-mile radius of Dallas over the next 10 years.

Pizza Hut franchisee profit rises 18% to $1.1 million

TULSA, Okla.—A & M Food Services, which franchises 91 Pizza Huts in seven states, reported that net profit for the year ended Dec. 27 jumped 18% over the previous year to $1.1 million.

Revenue for the year was $25 million, a 21% increase over 1982.

Chairman and chief executive officer W. S. Atherton cited two reasons for the increases: growth in the number of stores owned by A & M and the introduction of the 6-in. Personal Pan Pizza.

At year-end A & M operated 87 restaurants; at the end of 1982, 61 units.

For the fourth quarter last year sales were up 33% to $8.1 million, though profits fell 17% to $249,000.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended March 23							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin					Last Fiscal Year			Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct			Latest P/E Ratio	Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	—	$ Mil.	$ Mil.	—	$	$	—
A&M Food Svcs	AMFD	6.50	6.25	6.25	-.25	-3.85	8.75	.00	-.09	.25	1.19	22.85	.40	.40	F	NC	10.0	4.3	15.6	.00	0	00-00-00	25.4	1.1	.9	.39	1.09	1282
Acapulco Y Los	ALAR	4.88	4.63	4.63	-.38	-7.50	7.25	4.25	-.19	.27	-1.94	-48.96	-2.05	-2.13	Q	-775.0	-74.0	-12.9	NE	.00	0	01-06-81	37.9	-4.9	1.8	6.37	1.01	1083
Am Motor Inns	INN	30.25	29.25	29.38	-.50	-1.67	38.50	27.13	-.02	-.17	.76	52.22	2.52	.55	S	24.3	42.0	8.6	10.5	.30	1.0	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	45.00	43.13	43.25	.25	.58	55.25	42.50	-.30	.09	-2.38	-14.24	4.37	1.21	Q	36.7	-3.0	1.7	9.6	2.05	4.7	02-24-84	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	17.00	14.75	16.25	1.25	8.33	18.50	10.50	1.32	-.91	8.00	-36.29	.72	.45	Q	128.5	-1.0	3.6	20.3	.12	7	03-06-84	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	4.63	3.50	4.00	.50	14.29	9.25	3.50	.16	.72	3.80	15.15	-1.30	-2.34	Q	-285.3	-53.0	-6.8	NE	.00	0	00-00-00	98.2	-6.7	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	19.00	17.25	18.50	.50	2.78	26.81	17.25	-.29	-.42	-2.55	-27.36	.89	.14	N	16.8	21.0	7.5	19.1	.26	1.4	02-10-84	187.5	14.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	6.63	5.75	6.00	-.63	-9.43	11.25	5.38	-.06	-.58	-1.60	-6.23	.17	-.38	F	-69.0	-4.0	.7	35.3	.10	1.7	01-24-84	333.5	2.2	1.1	16.64	4.38	1282
Calny Food	CLNY	8.75	8.00	8.50	.50	6.25	11.50	8.00	-.33	-.11	-1.95	-4.94	.53	-.03	N	-4.9	8.0	4.6	14.7	.16	1.9	01-25-84	30.2	1.4	.4	2.48	1.49	0283
Captain Crab's	CRAB	4.88	3.63	4.63	.13	2.78	8.38	3.50	.00	4.43	1.13	-31.25	.00	.00	Q	NC	NC	.0	NC	.00	.0	00-00-00	1.5	.0	7.5	.01	.29	0883
Carrols Cp	CRL	8.63	7.75	8.00	-.13	-1.54	11.88	4.94	.12	-.43	-2.03	23.83	.50	.26	Q	83.8	99.0	3.7	14.0	.05	6	12-23-83	84.2	3.1	.8	3.66	2.42	0583
Chi-Chi's	CHIC	18.00	16.00	17.50	-.25	-1.41	29.00	13.94	-.18	.15	-.54	-7.74	.39	.26	S	96.2	67.0	9.4	33.0	.00	0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Ch Full O Nut	CHF	12.50	11.63	11.63	-.75	-6.06	24.38	10.25	-.56	-.42	-10.52	10.27	.64	.15	Q	32.6	-2.0	2.9	19.1	.50	4.3	12-09-83	111.6	3.2	2.9	.34	6.69	0783
Churchs Fr Ch	CHU	23.63	21.38	22.38	.38	1.70	33.50	21.25	-.09	.74	1.74	25.70	1.66	-.53	F	-24.2	3.0	6.8	13.5	.72	3.2	01-23-84	464.1	31.6	1.8	62	11.74	1282
Collins Foods	CF	17.13	15.75	15.75	-.50	-3.08	21.63	14.75	-.18	-1.46	.05	-19.93	1.47	.30	N	21.4	27.0	3.8	9.3	.20	1.3	03-26-84	324.4	12.4	1.8	4.14	8.71	0483
Concept Dev	CDII	22.13	19.75	21.50	.13	.58	22.13	14.53	.72	2.39	3.65	35.65	.08	.57	S	NC	86.0	1.3	37.7	.00	.0	02-10-84	7.8	.1	1.0	.40	1.99	0683
Consul Corp	CNSL	13.50	12.25	12.50	-.38	-2.91	18.75	10.88	.35	-.97	-1.69	-2.92	.26	.14	N	70.0	39.0	2.5	36.8	.00	0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	20.25	17.50	19.50	2.25	13.04	27.34	15.75	.52	.60	-4.85	-17.22	.86	.10	S	12.5	25.0	4.4	21.7	.14	.7	02-28-84	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	33.50	30.75	33.13	2.38	7.72	39.25	29.00	.14	.29	-2.08	-7.10	2.54	.15	S	5.8	12.0	3.8	12.3	.72	2.2	03-06-84	1054.6	40.2	1.7	17.92	17.17	0683
Divfood	DFDI	16.50	14.50	16.13	1.13	7.50	25.50	12.75	.21	1.94	4.83	28.16	.99	.05	F	5.3	58.0	6.8	16.3	.09	.6	03-22-84	484.3	32.9	2.1	.55	1.99	1282
Dunkin Donuts	DUNK	19.38	18.38	19.25	.75	4.05	28.75	18.13	-.10	.41	-1.00	-37.35	1.62	.22	Q	15.0	24.0	10.2	11.5	.28	1.5	11-01-83	77.5	7.9	.9	5.93	9.56	1083
Fast Food Oper	POPI	1.81	1.69	1.69	.00	.00	4.63	1.13	.95	.19	-4.67	-53.29	.05	.05	N	NC	81.0	6.5	33.8	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	29.13	26.50	29.13	2.88	10.95	32.94	14.91	.00	2.32	-2.82	19.70	1.85	.77	S	51.3	25.0	3.7	12.8	.40	1.4	03-28-84	110.6	4.1	1.3	5.73	14.56	0583
Garcias Scot	GMEX	6.25	5.88	5.88	-.13	-2.08	15.88	5.63	-.17	-.37	-4.75	27.13	-.20	-.46	N	NC	12.0	-3.2	NE	.00	.0	00-00-00	25.0	-.8	1.1	.52	4.10	1282
Hambrg Hamlet	HAMB	10.50	10.25	10.38	-.13	-1.19	12.00	8.25	.04	-.24	8.45	-14.29	-1.10	-1.81	N	-161.6	-30.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	[illegible]	52.50	48.50	51.50	2.63	5.37	60.25	43.00	.03	.15	2.47	24.10	4.20	1.08	F	34.6	6.0	16.8	12.3	1.80	3.5	02-27-84	669.6	112.6	2.0	6.73	21.31	1282
Holiday Inns	HIA	45.50	42.50	43.63	-.63	-1.41	59.00	38.50	.03	.04	.24	13.28	3.28	.78	F	31.2	12.0	7.8	13.3	.90	2.1	03-12-84	1585.1	124.4	.9	11.74	25.35	1282
Horn & Hardart	HOR	18.13	15.50	18.13	.88	5.07	30.78	15.31	-.44	3.01	3.28	9.67	1.15	.45	F	64.2	106.0	4.0	15.8	.00	.0	11-25-83	339.7	13.5	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	6.50	6.00	6.50	.50	8.33	10.75	6.00	-1.15	.56	-3.06	47.52	.00	-.79	Q	-114.4	-16.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Intl Dairy Queen	INDQ	34.00	33.00	34.00	1.00	3.03	40.00	28.00	.00	.66	-3.25	-42.22	2.94	.77	F	35.4	72.0	6.2	11.6	.00	.0	00-00-00	115.7	7.2	1.0	11.31	7.21	1183
Int King Tab	IKNG	15.38	14.50	14.50	-.13	-.85	23.00	9.22	.32	-.60	1.87	-42.50	.92	.94	S	241.0	63.0	4.8	10.9	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	13.63	12.38	12.38	-1.00	-7.48	18.13	11.50	.19	-1.54	-.86	26.63	1.00	.06	Q	6.2	22.0	4.1	12.1	.20	1.6	02-07-84	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	14.25	13.63	13.88	.13	.91	23.13	11.88	-.07	-.11	-.48	-24.28	1.33	-.07	S	-5.3	17.0	4.6	11.2	.12	.9	01-30-84	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	4.00	3.38	3.50	-.38	-9.68	10.75	3.38	-1.23	-3.46	1.00	11.36	-1.29	-.92	F	NE	-52.0	-22.0	NE	.00	.0	00-00-00	12.3	-2.7	.7	1.74	2.45	0983
Kelly-Johnston	KEJO	8.00	7.00	7.13	-.75	-9.52	18.75	6.75	-.80	-.87	-7.62	-9.42	.40	-.31	N	-75.6	16.0	6.3	71.3	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	23.75	18.75	19.75	-4.00	-16.84	43.75	18.75	-.68	-.80	7.90	15.75	1.32	.34	S	28.5	23.0	4.0	12.9	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	34.63	32.25	34.13	1.50	4.60	39.75	28.00	.05	.26	-5.58	.39	1.53	.22	S	15.3	27.0	9.8	20.7	.60	1.8	03-05-84	141.4	13.9	1.6	.60	7.80	0683
Marcus Corp	MRCS	12.63	11.88	11.88	-.38	-3.06	15.13	10.00	-.08	-.11	5.22	-45.56	1.28	.13	N	10.6	6.0	6.1	8.8	.25	2.1	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	67.50	63.50	64.75	.88	1.37	81.00	58.63	.08	-.59	-4.36	-4.14	4.15	.71	F	20.6	37.0	3.8	15.6	.44	.7	03-19-84	3036.7	115.2	.9	33.49	19.43	1282
McDonald's Cp	MCD	67.50	64.75	66.63	1.63	2.50	74.50	55.75	.06	.04	-.86	13.43	5.74	.74	F	14.8	24.0	11.2	11.6	1.00	1.5	01-24-84	3062.9	342.6	.5	17.62	25.51	1282
Morrison Inc	MORR	15.88	13.13	15.88	1.88	13.39	21.06	13.13	-.05	1.45	6.72	23.66	1.34	.19	S	15.4	13.0	4.5	11.2	.40	2.5	12-30-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	8.00	7.50	7.88	.25	3.28	10.50	6.00	-.21	.97	2.52	39.17	.45	1.46	Q	NE	-25.0	1.1	17.5	.00	.0	05-29-80	63.2	.7	1.3	4.01	4.26	0983
Nathans	NATH	2.50	2.13	2.13	-.38	-15.00	3.63	1.44	-.44	-1.97	9.06	79.08	.09	.12	N	120.0	25.0	1.1	9.7	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	10.50	8.50	8.50	-1.50	-15.00	32.75	8.50	-2.17	-1.45	4.86	-6.32	.70	-.10	S	-13.3	59.0	3.6	13.1	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	20.00	17.50	20.00	2.50	14.29	20.00	14.00	.48	2.99	-.79	50.00	.84	.15	F	21.7	-10.0	.3	23.8	.32	1.6	12-08-83	160.4	.5	.7	7.17	14.49	0983
Peoples Rest	PEPL	4.88	4.00	4.38	-.63	-12.50	15.13	3.88	-.34	-.07	4.75	-13.91	.28	.04	S	22.2	99.0	7.5	19.9	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	17.38	16.13	17.38	1.00	6.11	17.63	12.75	.38	.67	-.18	-.86	.99	-.43	S	-33.0	2.0	3.9	20.0	.60	3.5	03-09-84	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	11.25	9.63	9.63	-1.63	-14.44	17.50	8.97	.01	-1.75	-2.70	-1.02	1.16	.61	F	110.9	23.0	2.4	8.3	.08	.8	01-10-84	148.9	3.6	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	5.38	2.75	2.75	-2.63	-48.84	26.00	2.75	-.41	-3.20	3.36	-6.16	1.27	-1.69	N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Po-Folks	POFO	13.88	13.38	13.50	-.13	-.92	16.75	12.75	-.02	-.26	-1.51	-29.13	.37	.41	Q	NC	4.0	1.9	32.9	.00	.0	00-00-00	69.8	1.3	1.1	4.68	4.95	0983
Ponderosa Sys	PON	22.75	19.50	22.00	2.25	11.39	25.25	16.00	.21	-.51	1.24	-4.25	1.50	-.41	N	-25.7	-5.0	2.8	18.6	.40	1.8	03-02-84	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	8.75	7.25	7.75	.38	5.08	11.88	6.88	.02	-1.23	-.43	12.95	.13	.86	F	NE	-24.0	.7	59.6	.00	.0	10-19-81	573.8	4.2	.6	18.50	5.12	1282
Rax Restaurants	RAXR	16.75	15.50	15.50	-1.25	-7.46	23.25	.00	-.26	-.78	-.81	-16.07	.57	.63	Q	NC	57.0	3.8	24.6	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Restaur Assc	RA	7.50	7.13	7.25	-.13	-1.69	11.38	7.00	-.25	.52	.85	7.09	.88	.10	F	12.8	31.0	1.9	8.2	.00	.0	00-00-00	118.9	2.2	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	18.25	16.75	16.75	-1.25	-6.94	28.25	15.50	.00	-1.64	-1.22	.33	.52	.20	F	62.5	86.0	10.6	32.2	.00	.0	04-20-83	19.8	2.1	3.1	.34	1.61	1282
Saga Corp	SGA	29.50	26.63	28.50	2.00	7.55	40.25	23.56	.43	.29	-3.05	44.26	2.10	.52	S	29.7	64.0	2.3	12.6	.44	1.5	02-10-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	11.25	10.50	10.50	-1.25	-10.64	15.50	9.00	.50	.24	1.79	64.58	.70	-.18	S	-23.6	17.0	4.5	18.1	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	9.00	8.50	8.75	-.25	-2.78	15.00	7.50	.14	.11	-4.69	8.15	.23	-.12	F	-34.2	5.0	1.2	38.0	.00	.0	06-02-81	73.0	.9	1.3	5.10	4.90	1282
Servico Inc	SRVI	14.50	13.50	13.50	-1.00	-6.90	18.00	12.72	-.35	-.16	1.42	23.29	.67	-.35	N	-36.8	26.0	1.5	22.5	.00	.0	09-09-83	138.1	2.1	1.1	59.81	5.64	1282
Shoney's Inc	SHON	23.75	22.13	23.50	1.25	5.62	27.38	20.00	.43	.12	-3.38	-.77	1.17	.25	F	27.1	37.0	6.0	20.1	.16	.7	01-04-84	392.8	23.4	1.6	2.64	6.83	1083
Sizzler Rest Intl	SIZZ	10.50	10.00	10.00	-.38	-3.61	16.25	8.75	.30	-.49	-3.37	17.24	1.01	.08	N	8.3	15.0	4.5	9.6	.00	.0	00-00-00	128.0	5.8	2.3	1.49	6.27	0483
Skippers	SKIP	9.75	9.25	9.75	.25	2.63	15.50	7.84	-.17	.76	-2.67	32.90	.81	.33	F	68.7	25.0	4.0	12.0	.06	.6	10-11-83	50.5	2.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	17.50	17.50	17.50	.00	.00	22.00	16.50	-.06	.22	.09	36.36	1.02	.65	F	175.6	-6.0	2.3	17.2	.26	1.5	10-05-83	73.4	1.7	1.1	34.95	12.66	1282
So Hospitality	SHOS	4.63	3.88	4.38	-.13	-2.78	7.50	3.88	-.15	3.65	4.44	3.62	.27	.07	S	29.1	89.0	3.8	14.1	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	8.63	7.63	8.00	.38	4.92	10.00	5.13	-.02	-.89	-.73	2.29	.29	.07	Q	31.8	67.0	2.1	27.6	.00	.0	05-17-79	63.4	1.3	1.3	4.90	3.05	0983
TGIF Texas	TEXF	3.75	3.75	3.75	-.25	-6.25	7.50	3.75	-1.18	.08	-3.68	38.00	.02	.05	N	NC	58.0	.0	75.0	.00	.0	00-00-00	4.8	.0	5	3.50	-.17	1282
Victoria Stations	VSTA	6.13	5.38	6.00	.13	2.13	13.63	5.38	-.63	-.16	-1.37	-1.68	-1.02	-.61	N	NE	-63.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	6	8.39	8.51	0383
Wendys Intl	WEN	15.50	14.13	15.00	.47	3.23	16.50	10.78	.12	1.23	1.32	-18.05	1.01	.17	F	20.2	20.0	7.7	14.9	.24	1.6	03-14-84	715.1	55.2	.7	1.59	5.67	1283
Western Steer	WSMP	9.75	9.50	9.50	-.25	-2.56	17.50	9.50	-.76	.27	4.14	-15.77	.92	-.07	N	-6.1	7.0	3.1	9.0	.16	1.7	03-12-84	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	11.88	10.88	11.63	.13	1.09	17.13	10.75	-.13	.00	1.91	-56.64	63	.00	F	.0	9.0	3.3	18.5	.00	.0	03-10-83	88.2	2.9	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

'Senseless deaths'
Doctor, teacher are killed in head-on crash; motorist is held on drunken driving charge
By JUNE ALTMAN
Franz Schlunk always drove conservatively because he considered the nation's roads dangerous.
Schlunk, a doctor at Little Company of Mary Hospital in Evergreen Park, was driving in the right lane
trative assistant, was set at $150,000
Monday. He is being held at Cook
County Jail and is scheduled
pear in court Jan. 5.
The Schlunks, parents of
grown children and residents o
los Heights, were on their
home after a holiday party at a
10:45 p.m. Saturday when the a
dent happened. They were hea
6-year term assessed in DWI case
34-year-old woman whose
off a freeway and into a
9-month-old boy,
prison sen-
Driver in fatal crash given 2 years
Judge scolds drunken man who killed San Jose couple, unborn twins
By Ellen Norman
Times Tribune staff
SAN JOSE — A 22-year-old drunken driver who killed a San Jose couple and their unborn twins was sentenced Friday to
two years in state prison.
In a stern
drinking and smoking marijuana because he is "bored."
He also said that his
been killed
unt and uncle had
dents, each caused
the one drunken
d when he found
n, he was angry
al, so he sought
ken driver in
rged with sec-
dismissed the
felt the evi-
with malice
dangerous.
flames. Their 3-year-old son, who was ejected from the car, survived.
Evidence introduced at the trial indicated Jones drank a six-pack of beer and two or three mixed drinks, then smoked some marijuana with his friends shortly before the fatal crash.
In imposing the two-year prison term on Jones, Kennedy considered a report prepared by probation officer James Grubbs. Grubbs wrote that Jones did not show remorse and that he doubted Jones would be rehabilitated in prison.
Grubbs also said, however, that the seriousness of the crimes required a state-prison sentence.
Bar, owners dismissed from fatal accident suit
By PAM LONG
Journal-News Writer
The King of Clubs nightclub and its owners were dismissed Monday from a suit filed by the founder of the local chapter of
She later amended the suit to in
clude Rogers, McFadden and th
King of Clubs, claiming the ba
owners and employees wer
negligent in serving Ross.
In his dismissal, the judg
noted the plaintiff, Tavior, "mu

The number of cases *in which restaurant/bar owners and service personnel are being held liable for alcohol-related accidents is increasing at a rate of 300% each year, experts say.*

multiplies by 300% each year, says Ronald Shaw Beitman, a Massachusetts attorney who compiles the Dram Shop and Alcohol Reporter, a monthly newsletter on dram-shop cases.

Since the first common-law decision, *Rappaport v. Nichols* (New Jersey, 1959), courts have imposed third-party liability upon tavern and liquor store owners who violated ABC laws, who sold or served alcohol to an intoxicated person or minor. But in most common-law cases, it's been tough to make the charges stick.

"The primary drawback of common-law liability as a method to combat drunk driving is that the inconsistencies of interpretation from state to state, and even between individual cases within a state, make it difficult for a plaintiff to recover damages against the tavern or restaurant owner," says James Goldberg, counsel to the National Alcoholic Beverage Control Association Inc., and compiler of the NABCA's annual Summary of Dram Shop Statutes and Court Cases.

But there are plenty of dram-shop and common-law cases whose outcome has not favored the bar and restaurant owners or their employees:

- In *Rappaport v. Nichols*, the New Jersey Supreme Court awarded the plaintiff's family compensation from a tavern owner for damages arising from the illegal sale of alcohol to a minor later involved in an automobile accident.
- In the dram-shop case of *Kerby v. the Flamingo Club Inc.* (Colorado, 1974), the widow of a cab driver who had been assaulted and killed in a tavern parking lot brought action against the tavern for her husband's death. The cab driver had been called to the tavern to pick up passengers. However, when a woman passenger was pulled from his cab, the driver interceded on her behalf. He was attacked by four or more patrons of the tavern and subsequently died from his injuries.

The tavern owner was found liable for the cab driver's death because he had served alcohol to the patrons when they lacked responsibility for their behavior. Such intoxication was found to be a contributing cause of the fatal injuries.

- In *Ewing v. The Cloverleaf Bowl* (California, 1978), a 21-year-old male celebrating his birthday consumed 10 straight shots of 151 proof rum, one Vodka Collins and two beer chasers in less than two hours, before dying of acute alcohol poisoning. A lower court initially dismissed the widow's civil liability suit against The Cloverleaf Bowl, but the state Supreme Court overruled, awarding her damages.
- In *Tomlinson v. McCutcheon* (Ohio, 1982), a motorist whose automobile was struck by a drunk driver brought suit to recover damages, naming the tavern owner who served the driver as defendant. The U.S. District Court ruled that the liquor-control law barring the sale of liquor to intoxicated persons was enacted to protect third parties as well as the patrons of the bar; that violation of this statute constituted negligence on the part of the tavern owner; that the sale of the liquor could be regarded as a contributory cause of the injuries, and that the plaintiff was protected by the statute.
- In *Davis v. Billy's Con-Teena Inc.* (Oregon, 1978), the court ruled that tavern owners who served beer to a minor in violation of the state's dram-shop statute could be held liable for the death of a third party killed in an automobile accident caused by the intoxicated minor.
- In the case which established the precedence of common-law liability in North Carolina, *Hutchens v. Hankins* (June 1983), the defendant Hutchens became intoxicated in a bar and subsequently killed an innocent person in an automobile accident. The deceased's family sued Hankins, the tavern owner, for death and injuries caused by the car accident.

After the trial court dismissed the motion for failure to state a claim, the state Court of Appeals overturned the judgment and ruled that a bar, restaurant or liquor store licensee could be held liable for injuries or damages resulting from the acts of someone who was illegally provided alcoholic beverages while intoxicated.

But it's not only such classic scenarios that an alcohol dispenser or seller must be wary of. Dram-shop and common-law suits have ranged from the frivolous to the bizarre. For instance:

- In *Nazareno v. Urie* (Alaska, 1981), the plaintiff filed suit against a bar owner after being injured when a drunken patron collided with her on the bar's dance floor. The Alaska Su-

Liquor and drunk-driving statutes across the U.S.

STATE	DRAM SHOP STATUTE	COMMON LAW LIABILITY	NO LIABILITY OR NO CASES	DRINKING AGE	1ST OFFENSE LICENSE SUSPENSION	BLOOD ALCOHOL CONTENT (BAC) DEFINING DRIVING WHILE INTOXICATED (DWI)
ALABAMA	X			19	90 days	0.10
ALASKA	X			21	90 days	0.10
ARIZONA		X		19	30 days	0.10
ARKANSAS			X	21	90 days to one year	0.10
CALIFORNIA	X			21	None	0.10
COLORADO	X	X		21; 18 for beer	One year (0.15 bac)	0.15
CONNECTICUT	X			20	Six months	0.10
DELAWARE			X	21	Three months	0.10
DISTRICT OF COLUMBIA		X		21; 18 for beer and wine	Six months	0.10
FLORIDA	X			19	Six months	0.10
GEORGIA	X			19	One year	0.12
HAWAII		X		18	90 days	0.10
IDAHO		X		19	180 days	0.10
ILLINOIS	X			21	One year maximum	0.10
INDIANA		X		21	60 days to one year	0.10
IOWA	X			19	120 days	0.13
KANSAS			X	21; 18 for beer	Limited use	0.10
KENTUCKY		X		21	None	0.10
LOUISIANA		X		18	60 days	0.10
MAINE	X			20	45 to 90 days	0.10
MARYLAND			X	21	60 days maximum	0.13
MASSACHUSETTS		X		20	30 days to one year	0.10
MICHIGAN	X			21	Six months to one year	0.10
MINNESOTA	X			19	30 days	0.10
MISSISSIPPI		X		21; 18 for beer	90 days to one year	0.10
MISSOURI		X		21	90 days	0.13
MONTANA			X	19	Six months	0.10
NEBRASKA			X	20	Six months	0.10
NEVADA			X	21	90 days	0.10
NEW HAMPSHIRE			X	20	90 days	0.10
NEW JERSEY		X		21	Six months	0.10
NEW MEXICO	X	X		21	None	0.10
NEW YORK	X			19	Six months	0.10
NORTH CAROLINA	X	X		21; 19 for beer and wine	One year	0.10
NORTH DAKOTA	X			21	91 days	0.10
OHIO	X			21; 19 for beer	60 days	0.10
OKLAHOMA			X	21	One year	0.10
OREGON	X	X		21	One year	0.08
PENNSYLVANIA	X			21	One year	0.10
RHODE ISLAND	X			20	Three to six months	0.10
SOUTH CAROLINA			X	21; 18 for beer and wine	Six months	0.10
SOUTH DAKOTA		X		21; 18 for beer	30 days	0.10
TENNESSEE			X	19	One year	0.10
TEXAS			X	19	One year maximum	0.10
UTAH	X			21	90 days	0.08
VERMONT	X			18	One year	0.10
VIRGINIA			X	21; 19 for beer	Six months	0.10
WASHINGTON		X		21	90 days	0.10
WEST VIRGINIA			X	19	Six months	0.10
WISCONSIN			X	18	Three months	0.10
WYOMING	X	X		19	90 days	0.10
TOTAL	23	18	15			

Sources: The National Alcoholic Beverage Control Association Inc.; The Property and Casualty Insurance Industry.

preme Court ultimately ruled that the bar owners failed to conduct themselves with reasonable care and prudence when dispensing alcohol, and that they violated a statute specifically prohibiting the sale of alcohol to intoxicated patrons.

Dram-shop and common-law cases have even been filed on behalf of bar patrons who fell off a stool and broke a bone. And innocent third-party victims have arbitrarily sued one or more establishments frequented by the drunken person who injured them. In most cases, however, it is the last stop on the drunk's drinking spree which is held liable under dram-shop or common law.

New dram-shop liability statutes were enacted in New Mexico on April 8, 1983, and in North Carolina, effective Oct. 1, 1983. Legislation limiting tavern owner liability, overturning a 1982 court case, passed both houses of the South Dakota Legislature but was vetoed by the Governor. An interim committee of the Legislature is working on legislation for introduction this year. And major decisions finding dram-shop liability under common law were reported in Arizona, North Carolina and Wyoming.

Most experts agree that until a uniform set of national drunk-driving laws is adopted, as the Presidential Commission on Drunk Driving last year urged, dram shop will remain a cloudy issue.

As some argue, the current use of dram shop does not have a preventive focus, and as administered, creates arbitrary and unfair results. The questions of who may sue, who may be sued, what actions may give rise to liability, and what the special exceptions and limits on liability are, must receive the same answers across the United States, they say. The "obviously intoxicated" standard is too vague; even the most careful server might serve an eventual drunk driver and later face possible liability.

For now, the best preventive measures servers and sellers can take are to recognize the signs of drunkenness and take appropriate steps to protect patrons and innocent victims of drunk drivers, says Robert Alan Palmer, general counsel for the National Restaurant Association. Palmer suggests that additional server intervention, education and training courses be implemented everywhere.

"We must improve server and seller awareness of the dram-shop laws," says Palmer. "All-you-can-drink promotions foster dram-shop cases and increase moral and legal accountability. It's up to the bar and restaurant operators and employees to keep their patrons from driving drunk." Restaurant and bar owners should encourage employees to ask groups of drinkers to identify drivers, he added.

John R. Moulden, the alcohol program coordinator for the National Transportation Safety Board, has called for "more voluntary self-policing and regulation" by the restaurant and bar industries. "Preventive measures must begin at the local level," says Moulden, who recommends tax credits for bars and restaurants which adhere to "responsible" alcohol dispensing procedures.

The best civil-liability defense against common law or dram shop "is a witness," claims Karen Peters, former counsel to the New York State division of alcoholism and alcohol abuse, and a one time defense attorney and prosecutor in dram-shop cases.

"The best defense for a restaurant and bar is that a person was not actually intoxicated when he or she left the establishment. It is helpful to have a witness, like another employee, to say, 'He was cut off before he got drunk and left.'"

—Ken Frydman